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UNCLAS SECTION 01 OF 02 TEGUCIGALPA 002900

SIPDIS

DEPT. FOR WHA/PD; IIP/G/WHA DIPASQUALE; EB/TPP DCLUNE, AND
IIP/T/ES
DEPT. PASS USTR FOR AGASH, BMAKENS, AND JWOLFE

E.O. 12958: N/A

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SUBJECT: MEDIA REACTION ON CAFTA, DECEMBER 11, 2003

1. Editorial in Tegucigalpa-based moderate daily "El Herald" on 12/11 entitled "CAFTA: inequality and opportunities". "Nowadays, when economic and trade globalization keeps growing and generating excellent results for developed countries but increased impoverishment for developing countries, it's becoming very obvious that the ability to compete in the global free market is closely tied with the socioeconomic background of a country."

"In terms of CAFTA, Honduras which is one of the poorest countries in Central America, is clearly the one with less comparative advantages in this trade exchange that doesn't properly address the asymmetries between a powerful country and a poor region, which is being forced to open its market to products that are particularly sensitive, not only in economic, but also in social terms. The CAFTA negotiations were an obligation for Central America, to avoid being left without any chances of achieving economic growth."

"We're compelled to be part of the global economy, and our negotiators should defend the interests of all Hondurans because if we're able to negotiate a positive agreement with the richest country of the world, and we work hard to improve the quality and quantity of our production, we'll have a better chance of not only surviving, but getting some benefits from the whole globalization process."

2. Editorial in Tegucigalpa-based liberal daily "La Tribuna" on 12/11 entitled "An excellent CAFTA". "The lead U.S. negotiator in the CAFTA negotiations has said that by next week the U.S. expects to end the negotiations to establish a free trade agreement with five Central American countries which already enjoy some trade advantages that make that 75% of their products already enter the U.S. free of tariffs."

"She added that she believes all parts will benefit from this excellent agreement, starting from the fact that these countries already sell to the U.S. about 75% of all their production, thanks to the benefits granted by the Caribbean Basin Initiative."

"On the other hand, the Honduran Catholic church has demanded to postpone the signing of CAFTA, because it will increase poverty and will weaken our food security. It will also eradicate the benefits that workers have achieved for many years, and create more taxes."

"Cardinal Oscar Andres Rodriguez himself has demanded to promote a broader discussion on the issues that are being negotiated. He added that the access to international markets may be a necessary condition to fight poverty, but it's not enough by itself. The challenge of combating poverty also requires coherent social policies, and a better distribution of wealth within the society."

"It's clear that the secretive manner in which the CAFTA negotiations have been managed has not permitted many sectors with important interests in it to be well informed, therefore we can expect to have more demonstrations and protests against this agreement. Nobody can support something that they see as detrimental when they haven't been convinced of its benefits."

3. Editorial in San Pedro Sula-based liberal daily "Tiempo" on 12/11 entitled "CAFTA". "A few days before the conclusion of the negotiations of the CAFTA agreement, the Catholic church has released its views about this issue, based on its own research of the agreement's economic and commercial implications. The Church's main proposal, as expressed by the Cardinal Oscar Andres Rodriguez, is to postpone the signing of CAFTA until it establishes all the necessary conditions to enable the agreement to be beneficial for all parts. The document affirms that if the Central American countries sign this agreement as it is now, it will bring more poverty for all Central Americans."

"The proposals of the Catholic church correspond to the views of some sectors, including some private sector and workers organizations. However, they have been released at a time when the negotiations have nearly reached their end,

although they're important to support the latest negotiations, particularly those related to the U.S. policy to subsidize its agricultural production."

"The key point will be the existence of economic and financial policies to promote investment, especially for the micro, small and medium enterprises which are the backbone of our development. However, these policies don't exist yet, and they should be part of a broad framework of a permanent political, economic and social development."

PALMER